



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 10/16/2000

GAIN Report #MX0154

Mexico

Solid Wood Products

Annual

(Part 1, Production and Trade Sections)

2000

Approved by:

Todd Drennan

U.S. Embassy Mexico

Prepared by:

Benjamin Juarez/ Gabriel Hernandez

Report Highlights:

Mexican consumption of forest products is expected to outpace production in 2001, which will increase export opportunities for the U.S. forest products industry. Import restrictions applied by Mexican customs, however, could partially impede some U.S. wood product exports to this market.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Mexico [MX1], MX

TABLE OF CONTENTS

Executive Summary	2
Economic Situation and Outlook	2
Three to Five year Outlook for Wood Products Consumption	3
Trade	3
Overview	3
Phytosanitary Issues	4
International Trading Environment	4
Three to Five year Outlook for Trade	5
Third-Party Competition	5
Policy	7
Market Development Strategies	8
 Production	 9
 Forest Situation	 10
Programs	13
Industry Structure and Constraints	14
Solid Wood Products Overview	15
Softwood Logs PS&D Table	18
Production	18
Consumption	18
Trade	19
Temperate Hardwood Logs PS&D Table	20
Production	20
Consumption	20
Trade	20
Softwood Lumber PS&D Table	22
Production	22
Consumption	22
Trade	22
Temperate Hardwood Lumber PS&D Table	25
Production	25
Consumption	25
Trade	25
Tropical Hardwood Lumber PS&D Table	27
Production	27
Consumption	27
Trade	27
Softwood Plywood PS&D Table	29
Production	29
Consumption	29
Trade	30

Temperate Hardwood Plywood PS&D Table 32

 Production 32

 Consumption 32

 Trade 32

STRATEGIC INDICATOR TABLE: FOREST PRODUCT TARIFFS AND TAXES 34

Executive Summary

Economic Situation and Outlook

The outlook for the Mexican economy for the remainder of the year 2000 remains bright. Aggregate demand is exceptionally strong and sustaining GDP growth that could average 6.0 percent in 2000. This year's performance will surpass last year's, when GDP rose by 3.7 percent in real terms. The figure for inflation, too, is expected to be lower than the 12.3 percent of 1999 and may decline to about 9.5 percent by the end of the year, the first time the rate will be below 10.0 percent in six years. The Government of Mexico's (GOM) conservative fiscal and monetary policies have helped offset the unusually strong consumer demand and thus prevent the overheating of Mexico's economy. The GOM is conscious of this danger, and is taking steps to ensure that the economy grows at a sustainable rate during the next few years.

Mexico's domestic and foreign trade continues to grow at rates that warrant optimism. Domestic consumption grew by nearly 9.5 percent in real terms during the first half of 2000. Investment rose by about 11.5 percent during this semester relative to the level of a year earlier. This rate could well be sustained during the second half of 2000. Mexico's exports increased about 24.5 percent in nominal terms during the first six months of 2000 relative to those of the same period a year earlier. Imports rose by about 25.0 percent during the same period. In the year that ended in June 2000, Mexico's net international assets increased \$4.2 billion to a total of \$29.6 billion. The result reflected the benefits to Mexico of high oil prices and a robust U.S. economy. The latter's affect on Mexico is overwhelming, given that the United States remains Mexico's most important export market (87 percent in 1999), its most important source of imports (74 percent), and its primary source of foreign short- and long-term capital.

Mexico's current account deficit is projected to be approximately \$19 billion by the end of year 2000. This figure would represent 3.1 percent of expected GDP, 0.2 percentage points higher than the corresponding value in 1999. Forecasters generally agree that inflation, as measured by the consumer price index, may drop to about 9.5 percent by the end of the year. The exchange rate for 2000 is forecast to be around 10.0 pesos/US\$ by the end of the year, which would represent about a five percent depreciation relative to the rate that prevailed in 1999 (9.5). Mexico's fiscal deficit will likely reach approximately 1.0 percent of GDP this year, about the same as last year's.

Continuation of these positive macroeconomic indicators into 2001 will depend on how well the GOM responds to internal and external developments during the next several months. Exceptionally strong consumer demand could lead to serious overheating of Mexico's economy, which could cause inflation to rise. The growth that this demand provokes attracts capital inflows and strengthens the peso. This can encourage excessive imports. If undiminished, at some point the current account will weaken and may provoke a correction that could induce a fall in economic growth. The Bank of Mexico is implementing monetary restrictions to prevent such overheating.

The GOM's ability to absorb the effects of a U.S. economic slowdown, and possible fall in oil prices, will also determine whether Mexico will be able to maintain buoyant economic growth in the years to come. A significant downturn in the U.S. economy could cause a substantial fall in U.S. equity prices, which would provoke an increase in U.S. interest rates. The end result could trigger a downturn in Mexico. The expansion of trade with Mexico's non-NAFTA partners could mitigate the effects of a slowdown in the United States. Mexico's free trade agreement (FTA) with the European Union could initiate robust growth in Mexican exports to Europe without posing a threat to the commercially most important U.S. agricultural exports to Mexico. This is true because Mexico did not make tariff rate

concessions to the EU on any products for which the EU provides export subsidies (grains, meat, dairy, etc.). Its development as an export market may more than offset the likely decline in world oil prices during the next few years, given that oil exports now account for less than 10.0 percent of total Mexican exports. Oil revenues nonetheless remain of great significance to Mexico. They account for nearly 35 percent of government budgetary revenue. The GOM thus has a strong interest in cooperating with the OPEC producers to ensure that the price of oil remains at what they consider an acceptable level. The GOM assumed that Mexico would obtain \$16.0 per barrel for its oil exports when it prepared the fiscal year 2000 budget, but the price of Mexico's oil has averaged about \$24 per barrel during the first six months of 2000.

On July 2, 2000, Mexican voters elected Vicente Fox as their new President. This was a historic event because he is from the National Action Party (PAN by its Spanish initials), not the Institutional Revolutionary Party (PRI by its Spanish initials) which had dominated Mexican politics for over 70 years. He ran on a pro-business, free trade platform, but it is too early to tell as of this writing what economic policies he will implement to support that platform. He will take power on December 1, 2000.

Three to Five year Outlook for Wood Products Consumption

Even though the Mexican government's forest plantation program eventually will increase domestic round wood production, particularly small wood for the paper and cellulose industries, these supplies will not be sufficient for Mexico's needs. Consequently, as forest products demand continues growing, imports should also move ahead. Mexico will continue to be a net importer of raw materials and semi-finished products, as well as an exporter of furniture, moldings and flooring. Over the next three to five years, assuming more stable forest products prices, the United States should continue to be its largest supplier by far. Nonetheless, the U.S. forest products industry will continue to face strong competition from other countries. Moreover, the forest products market in Mexico still needs sustained market research, i.e., education and promotion in the use of solid wood products for structural construction purposes.

Trade

Overview

The impact of Mexico's economic growth has been favorable for U.S. wood product exports. The construction and furniture sectors in Mexico were positively influenced by the sustained GDP growth and stable exchange rate. Moreover, consumers experienced slight wage increases and lower unemployment. This resulted in increasing consumer spending for furniture and a flourishing construction industry. U.S. wood products exports increased from US\$357.5 million in 1998 to US\$394.5 million in 1999.

This trend continued during the first five months of 2000 when U.S. forest products exports to Mexico increased to US\$178 million from US\$158 million during the same period of 1999. Consumer spending continued and strengthened the demand for furniture. Housing construction also provided opportunities for U.S. wood products. Mexico also increased spending for the construction of infrastructure projects. The health of this demand looks robust for 2000 as growing of Mexican economy will continue for the immediate future. According to the National Chamber of the Construction Industry (CMIC), construction output could rise 6 percent this year. It should be noted that the construction sector in Mexico is extremely sensitive to GDP growth. Some private analysts indicated that the outlook

will remain favorable in Mexico throughout 2001 if the Government continues pursuing its disciplined macroeconomic policies, and if interest rates go down while government investment goes up. Mexico's ability to supply this increased forest products demand remains questionable because the industrial technology is antiquated and most producers are not accustomed to efficient, high volume and high quality production.

Mexican exports to the United States have remained practically unchanged due to the stable peso value relative to the U.S. dollar. In 1999, Mexico's forest product exports to the United States totaled US\$416 million, a marginal increase of 2 percent from 1998. For 2000, Mexican exports to the United States are expected to decline slightly. During the first five months of 2000, for example, exports reached US\$164 million, a 2 percent decline compared to the same period in 1999.

Phytosanitary Issues

It should be noted that on October 26, 1999, the Secretariat for the Environment, Natural Resources and Fisheries (SEMARNAP) published in the *Diario Oficial* (Mexico's "Federal Register") its responses to the public comments of the following two controversial proposed wood import standards entitled:

- 1) NOM-014-RECNAT-1997, "Phytosanitary Regulations for the Importation of New or Used Wooden Pellets, Crates or Other Packing Boxes and Platforms", as published July 21, 1997. (see MX7069)
- 2) NOM-016-RECNAT-1997, "Regulation for the Importation of New Lumber and Wood," as published June 11, 1998 (see MX8061).

A preliminary analysis of SEMARNAP's responses, included those from USDA and the U.S. forest products industry, shows that apparently it will drop what would have been a troublesome requirement that the International Phytosanitary Certificate for imported wood state that it came from areas free of infestation of quarantined pests. According to reliable industry sources, however, SEMARNAP officials recently indicated that they are considering reopening a comment period for another 60-day for NOM-016. The main argument for this decision is the detection of "*Minthea obstita* and *M. squamigera*," both varieties of the powder post beetle. It should be noted that powder beetle is not quarantined in the United States and Canada, as it does not damage temperate forests. This pest is detrimental to tropical forests located in southern Mexico. Consequently, SEMARNAP officials have also agreed that the new period for comments will not impede or impact U.S. wood exports to Mexico.

At the same time, SEMARNAP has yet to publish its response to the comments of the proposed standard regarding used wood imports, NOM-017-RECNAT-1997 (see MX8124). Many U.S. lumber exporters and Mexican importers continue to be concerned that U.S. shipments could be impeded if the proposed requirements become law.

International Trading Environment

Under NAFTA, Mexico instituted tariff-rate quotas for seven products (see the table below), mainly covering softwood chips and planks. On November 5th, 1999, Mexico's Secretariat of Commerce and Industrial Development (SECOFI) announced in the *"Diario Oficial"* (Federal Register) the auction for "Quota Certificates" (*Certificados de Cupo*) to import wood products from the United States for 2000. The TRQs expire on December 31, 2000. The auctions for the quota certificates took place on December 6, 1999, and the results were as follows:

RESULTS OF AUCTION OF PERMITS TO IMPORT U.S. WOOD PRODUCTS DURING 2000

Auction number	Tariff number	Original TRQ (MT)	Mexican Allocations (MT)	Quota Unallocated (MT)
A.N.09/200	4407.10.02	9,500	0	9,500
08/2000	4407.99.99	2,470	256	2,214
07/2000	4407.10.01	119,700	0	119,700
A.N.09/200	4407.91.01	3,325	3,325	0
A.N. 11/2000	4403.10.01	14,250	0	14,250

Again, importers did not rely upon the TRQ's, particularly for the softwood planks (H.S. tariff number 4407.10.01); coniferous lumber (H.S. tariff number 4407.10.02) and logs (H.S. tariff number 4403.10.01) for their product. Reportedly, importers continue to prefer paying the import duty (3 percent) instead of participating in the auction process. Additionally, some importers continue unaware of the auction process. SECOFI officials indicated that they will work with U.S. forest-product cooperator representatives in order to identify possible alternatives to promote the benefits of the TRQ procedure among importers. Industry sources estimate that SECOFI will likely hold other auctions for the remainder of the 2000 quotas.

Three to Five year Outlook for Trade

Mexican consumption of forest products is expected to outpace production in the 3-5 year outlook. Thus, imports of most wood products should continue to grow, with the United States continuing to be the main supplier. Also, Mexico is expected to continue being an exporter of furniture, moldings and flooring. Similarly, Mexico's forest products processing industry is expected to grow faster than the economy as a whole, particularly the furniture, construction, molding, and flooring sectors. As a result, this sector will continue to be a prime market for U.S. raw materials.

Third-Party Competition

Over the last 12 months, third-country suppliers such as Chile and Brazil among others, have made significant inroads into the Mexican price-driven market as the peso strengthened vis-a-vis the dollar. Chile, for example, has continued its promoting activities into the Mexican market with distributors, industrial manufacturers, carpentry shops as well as financial institutions in cities such as Guadalajara, Monterrey and Mexico City. Chile continues offering good quality and low-priced softwood plywood. During the first seven months of 2000, imports have increased sharply — from 3,440 m³ in the same period of 1999 to 14,995 m³.

According to the National Plywood Manufacturers Association (ANAFATA), the increase in Chilean imports has come at the expense mainly of domestic softwood plywood and imports from the United States of the same. Moreover, Chilean woods products imported by the Mexican industry benefit from the Mexico-Chile Free Trade Agreement.

Brazilian forest products also have been imported recently as a result of the gradual recovery in the consumer purchasing power and the strong peso. They represent a potential threat to U.S. imports because they are priced lower than U.S. and domestic products, and the Brazilian industry has mounted a considerable promotion campaign.

ANAFATA also indicated that Mexican Customs' implementation of a reference pricing system as well as the temporary sampling procedure (see "Policy" section below and MX 8124 and MX 9139) has reduced substantially the under-invoicing and the technical contraband that Mexican plywood manufacturers alleged were occurring on tropical hardwood plywood imported from Indonesia and Malaysia. It should be noted, however, that imports of these products have continued to increase sharply. For the first seven months of 2000, Mexico imported approximately 63,000 m³ of tropical hardwood plywood from Indonesia, an increase of 56 percent compared to the same period of 1999.

A free trade agreement was signed between Mexico and the European Union (EU) which went into effect on July 1, 2000. This agreement is expected to strengthen the Mexican strategic position in world trade. Under this agreement, tariffs will be eliminated over a period not to exceed 10 years. Tariffs on industrial products in the EU and Mexico will be eliminated faster than agricultural products, by January 1, 2007, with the bulk of it by January 1, 2003 (the EU will eliminate all industrial tariffs, including those on wood products, by 2003). The EU's tariffs on many wood products were eliminated on July 1, 2000, when the agreement entered into force. On the other hand, Mexico will eliminate all tariffs on wood products by January 1, 2007, with many of them slated to be completely phased out on January 1, 2005 or January 1, 2007. For plywood products, the phase-out process will be as follow:

YEAR	IMPORT TARIFF %
2000	13 - 18
2001	10 - 12
2002	7 - 8
2003	5.0
2004	5.0
2005	4.0
2006	3.0
2007	0.0

Policy

On September 14, 2000, Mexico's Secretariat of Treasury (SHCP) announced in the *Diario Oficial* (Mexico's Federal Register) the implementation of a Customs Cash Account system, that went into effective on October 1, 2000 (see MX9117 & MX9139). This system will require importers to deposit in an account 100 percent of duties assessed on the difference between the actual invoice value and the value of the shipment based on a predetermined reference price. Wood products are included on the list of agricultural products subject to this reference price scheme

and consequently to the Customs Cash Account system (HS classification 4412.13.01, 4412.13.99, 4412.19.02 and 4412.22.01). It is likely that importers' costs will increase as a result of the regulation.

At the same time, SHCP has continued updating, through several announcements published in Mexico's *Diario Oficial* (D.O.), the reference price system which attempt to control underinvoicing of imports for tropical hardwood plywood and softwood plywood:

H.S.	Description	Unit	Reference Price published in D.O. on 10/05/99	Reference Price published in D.O. on 04/28/00	Reference Price published in D.O. on 09/05/00
44.12.13.01	Plywood, veneer panels and similar laminated wood. With at least one ply of tropical wood: Dark Red Meranti, Light Red Meranti and White Lauan, Sipo, Limba, Okume, Obeche, Acaujo d Afrique, Sapelli, Mahogany, Palisandre Para, Palisandre Rio and Palisandre Rose.				
	A.1) ≤ 2.4 mm and > 4.9 mm. With at least one external ply of the next tropical woods: Dark Red Meranti, Light Red Meranti and White Lauan.	KG	Not listed	0.710	0.710
	A.2) ≤ 5 mm and > 6 mm. With at least one external ply of the next tropical woods: Dark Red Meranti, Light Red Meranti and White Lauan.	KG	Not listed	0.600	0.600
	A.3) ≤ 6 mm. With at least one external ply of the next tropical woods: Dark Red Meranti, Light Red Meranti and White Lauan.	KG	Not listed	0.500	0.500
44.12.13.99	The others	KG	0.800	0.710	0.710
44.12.19.02	Plywood, Coniferous	KG	0.600	0.600	0.600
4.12.22.01	Plywood, veneer panels and similar laminated wood. With at least one ply of tropical wood specified in subheading note 1 to this Chapter.				
	a. Panel wood with central and souls with solid wood ("alstonada) ≤ 15 mm.	KG	0.800	0.460	0.460

In addition to the above measures, during June-July 2000, SCHP implemented a sampling procedure to detect supposed technical contraband of plywood (imports of tropical hardwood plywood under different HS tariff classification). Despite the fact that SHCP officials stated that the objective was only to control illegal invoice practices, trade flow was affected as several shipments were held more than 72 hours in border ports, which increased the cost of imports. On July 31, 2000, SCHP revoked this procedure by means of an internal memorandum.

Market Development Strategies

Even though the United States is expected to continue as the main wood products supplier to the Mexican market, there are several constraints which U.S. exporters have to deal with. Import restrictions applied by Mexican customs, combined with a fragmented wood products distribution system and poor infrastructure continues to hamper U.S. wood product exports to this market. In addition, consumer bias against the use of wood for structural purposes

stands in the way of industry's attempts to actively develop this market segment. The biggest constraint is the lack of end-user awareness about the superior attributes of U.S. wood products, which leads architects and the trade to base purchasing decisions solely on price. Without an understanding of U.S. wood product working properties, grades, treated retention levels and dimensions, and relatively low cost products from other sources, domestic and mainly foreign suppliers will continue to threaten the U.S. industry's position in this market.

Consequently, the U.S. industry should continue intensive promotional programs to disseminate information on applications of temperate hardwood as well as softwood products. Activities such as seminars targeting potential Mexican users of U.S. temperate hardwood products could expand the market for U.S. forest products. Also, it is necessary to continue with market researching in order to segment the market and focusing efforts on market leaders. Public relation activities of U.S. forest products cooperator representatives must consider the lack of specialized press. As a result, the press releases and feature articles should be short and feature basic information. Cooperators' communication efforts with local trade has to be as direct as possible, targeting the major players in the market.

In addition, a possible trade opportunity may be to develop joint ventures with established importers or manufacturers in Mexico to supply small volumes of product to a large number of buyers. USDA's Commodity Credit Corporation also offers credit guarantees for U.S. exporters to Mexico under the GSM-102 and Supplier Credit Guarantee programs.

The flooring industry continues to consume imported and domestic oak, as well as tropical and temperate hardwoods, such as ash, maple and beech. FAS/Mexico foresees plenty of opportunities in the Mexican market for U.S. hardwood lumber exporters in 2001 to meet the increasing local production of flooring. Pine continues to be the most popular furniture wood in Mexico, along with oak, cherry, walnut, and mahogany.

The principal sector of consumption continues to be the construction industry, with the transformation industry gaining ground as exports of Mexican finished products expand. Moreover, opportunities for U.S. suppliers abound in the transformation industry as domestic producers need proper financing and manufacturing tools in order to meet the increased demand from the United States and countries in Europe. Similarly, there are opportunities for U.S. softwood lumber in Mexico's tourist resort and marina construction in the coastal regions. Residential housing construction along the U.S.- Mexico border offers also an important potential for U.S. exporters. Although housing construction is typically concrete block, builders are beginning to specify dimension lumber for roof structures. Private sources indicated that in this application, pressure-treated products are most viable due to harsh weather and widespread presence of termites.

Production

STRATEGIC INDICATOR TABLE: FOREST AREA (million hectares/million cum)			
Country:	Previous	Current	Following
Report Year: 2000	Calendar Year (1999)	Calendar Year (2000)	Calendar Year (2001)

Total Land Area	196.70	196.70	196.70
Total Forest Area	141.70	141.70	141.70
--of which, Commercial	21.00	21.00	21.00
----of commercial, tropical hardwood	NA	NA	NA
----of commercial, temperate hardwood	NA	NA	NA
----of commercial, softwood	NA	NA	NA
--of forest area, non-commercial	9.70	9.70	9.70
Forest Type	30.2 1/	30.2 1/	30.2 1/
--Of which, virgin	NA	NA	NA
--Of which, plantation	0.25	0.28	NA
--Of which, other commercial (regrowth)	NA	NA	NA
Forest Ownership			
--Nationally owned and no commercial access	9.00	9.00	NA
--Nationally owned, commercial logging permitted	7.00	7.00	7.00
--Other publicly owned land, no commercial access	NA	NA	NA
--Other publicly owned, logging permitted	113.4 4/	113.4 4/	113.4 4/
--privately owned commercial forest	NA 2/	NA 2/	NA 2/
Total Volume of Standing Timber	2,803.49	2,803.49	2,803.49
--Of which, Commercial Timber	NA	NA	NA
Annual Timber Removal	7.5 3/	7.5 3/	7.5 3/
Annual Timber Growth Rate	35.10	35.10	35.10
Annual Allowable Cut	2.80	2.80	NA

1/ Correspond to temperate-cold climate forest, of which 68 percent are softwoods and 32 percent are hardwoods

2/ 21.2 million hectares are privately owned but there is no specified commercial area

3/ Annual Average

4/ Correspond to communal property ("ejidos") but there is not specified commercial area

Source: The Secretariat for the Environment, Natural Resources and Fishing (SEMARNAP) based on The National Forest Inventory, 1994.

Forest Situation

Mexico's total forest resource base is estimated at 56.7 million hectares and its breakdown is as follows:

Mexico's Major Forest Types	Forest Sub-Types	Million Hectares	Percentage of Total Area
Temperate-Cold Climate	Softwoods	20.8	68%
	Hardwoods	9.6	32%
	Subtotal	30.4	100%
Tropical-Subtropical	Highland mid-forest	5.8	22%
	Low tropical forest	10.9	41%
	Other	9.6	37%
	Subtotal	26.3	100%

It should be noted, however, that SEMARNAP has yet to announce the National Inventory 2000-20001, which will result in a more accurate estimate. According to SEMARNAP officials there are several works to complete this inventory among others: Dynamics of Changes of the Forest Vegetation, Sampling Field of Vegetation and the Forest Segmentation.

The Mexican government estimates that less than one-half of the total forest resource base is available for commercial purposes; approximately 15 million hectares of temperate forest, and six million hectares of tropical forests. Only one-third of the total area used for commercial purposes, however, is under a management plan.

The managed areas yield an average of 7.5 million m³ per year with a global annual increase of 24.9 million m³. The annual growth rate of softwood and hardwood species is estimated at 14.7 million m³ and 10.2 million m³, respectively.

Yields of commercial forests vary widely depending on the region and the type of forest. The conifer forests of Chihuahua and Durango, where approximately 50 percent of Mexico's commercial forestry takes place, yield between 1-3 m³ round/hectare/yr. The national average productivity, however, is 1.3 m³ round/hectare/yr. due to poor forest management.

Based on SEMARNAP's data, the total standing inventory of commercial forests is 2.803 billion m³, of which 1.8 billion is from temperate forests and 1.0 billion is from tropical forests. Pine represents 80-85 percent of total round wood production.

DISTRIBUTION OF STANDING VOLUME BY STATE AND
SPECIES IN MAIN PRODUCING AREAS FOR 1999
(Percentage)

STATE	Conifers	Temperate Hardwoods	Tropical Hardwoods
Baja California Sur			6.4
Campeche			21.2
Chihuahua	25.7		
Durango	26.4		
Hidalgo		9.1	
Jalisco	6.2	7.2	
Michoacan	14.3	23.9	
Oaxaca	9.2		
Puebla		7.1	
Quintana Roo			10.4
Sinaloa			8.0
Sonora		44.0	
Tamaulipas			27.1
Other	18.2	8.7	26.9
	100.0	100.0	100.0

Source : SEMARNAP

MAIN SPECIES AND SHARE OF PRODUCTION
2000

SPECIES	PERCENTAGE e/
Pine	82.6
White Fir	3.8
Other Conifers	0.2
Oaks	7.8
Other Temperate Hardwoods	1.5
Mahogany cedar	1.3
Common Tropical	2.8

Note: Due to rounding these quantities do not total 100 percent.

e/ Estimated by SEMARNAP based on average growth of the last two years

Approximately 80 percent of forest lands continue to be under one form or another of communal property (*ejido*) and only a small portion is under private or federal ownership. The concept of ownership of small plots of land by the peasants and indigenous groups that is embodied in *ejido* system has been deeply rooted in the culture of rural Mexico. In 1991, however, the Mexican government changed its Constitution to allow larger holdings and joint ventures between land owners and investors. Despite that change, such joint ventures proved to be unprofitable and thus have failed to materially improve the development of an integrated forest industry. Therefore, mills continue to find it risky to invest in the necessary infrastructure and inputs to increase or streamline production when there are no assurances that they would be able to harvest the land in succeeding years.

Fuel wood is the main source of energy for cooking and home heating in many rural areas. Its national consumption has been estimated at 37 million m³/year. Forests are also important areas for grazing, and in tropical areas they are also used in rotation under traditional slash and burn agriculture practices.

According to SEMARNAP, the annual deforestation rate continues to be a severe problem. Mexico has one of the highest rates in the world. Unfortunately, there is no reliable information available regarding the exact deforestation rates (e.g., rates range from 370 thousand to 1.5 million ha/year during the 1980's). According to SEMARNAP officials, this agency is working on a project to estimate objectively and with more accurate information the annual deforestation rate. The following organizations are participating in this project: Mexico's Autonomous University's Institute of Geography, the Autonomous University of Chapingo and the National Institute of Statistic, Geography and Computer science, with the financial support of the Inter-American Agency of Development and the Forest Service of United States. Reportedly, SEMARNAP is using satellite images, digital air pictures and systems of geographical information, as well as new statistical techniques to estimate the deforestation rate. SEMARNAP expects to have the results of this estimation at the end of 2000. While, preliminary, the annual deforestation rate estimated by SEMARNAP is as much as 600,000 ha./year.

Environmentalists continue to be critical of the industry, alleging that the lack of replanting programs, poor infrastructure and little money to manage and protect forests are causing excessive and unsustainable logging rates. Recently, for example, Greenpace blamed enviromental authorities "for doing nothing" to curb illegal deforestation. The Greenpace Biodivesity coordinator stated deforestation in the Pacific state of Guerrero has become so serious that nearly 40 percent of its forests have disappeared in the last eight years. According to satellite images taken of the Sierra Petatlan

and Coyuca de Catatlan region, of the area's 229,000 ha. of forest, some 87,000 ha. have been cleared since 1992, the coordinator indicated. After years of illegal logging coupled with slash-and-burn farming, the Mexican highlands have become highly susceptible to a permanent loss of natural resources, floods and widespread erosion. With fewer trees to cover topsoil during the rainy season, the erosion in the Sierra Petatlan and Coyuca de Catatlan region has increased approximately 446 percent, the Greenpace coordinator said.

In Durango, sustained yield practices have been introduced for some private industry members, but the success of these programs has not yet been appreciated by the forest holdings (*ejidos*). The main causes of deforestation vary among regions and forest types. Forest land conversion to livestock and other agricultural activities have been the dominant cause of deforestation during the last three decades in all regions and forest types. Other important causes of deforestation include insects, diseases, and forest fires. In many cases peasants cause forest fires when they ignite grazing lands adjacent to forests. Although highly variable, the annual average area affected by forest fires exceeds 200,000 ha, while insects and diseases destroy approximately 33,000 ha/yr.

In 2000 the number of forest fires increased 7 percent over the 1999 disasters. SEMARNAP's data indicate that forest fires affected approximately 235,911 hectares which is approximately 9.7 percent more than the area affected in 1999. The breakdown of the fires by type of affected area is: grazing land 101,154 ha; forest area 40,475 and other 94,282 ha. Mexican states most affected by fire in 2000 were: Durango 47,009 ha, Chiapas 28,622 ha, Chihuahua 28,177 ha, Guerrero 26,862 ha, Baja California 13,810 ha, Jalisco 12,420 ha, Oaxaca 12,203 ha and Coahuila 8,988 ha.

Programs

The "National Program of Reforestation" (PRONARE -- see MX9139 --) continues to be the principal official reforestation program. The main objective of this program is to reforest rural areas with native species that possess desirable genetic characteristics. Other fundamental elements of PRONARE are the restoration, recovery and enrichment of those lands which are affected by deterioration, as well as deforestation, as a result of clearing of trees, changes in land use, pests, and fires. SEMARNAP data indicates that the results of PRONARE in 1999 and 2000 were as follows:

PRONARE	1999	2000
Millions of planted trees	286	285
Covered area (1000 ha.)	225	160 a /
Plant production (millions)	285	285
Seed collection (millions)	27	30

1 / According to the reforestation rate of the last few years, SEMARNAP expects to achieve a minimum reforestation of 220,000 ha.

According to SEMARNAP, the works of evaluation of the plantations carried out during 1998 and 1999 in 32 states will be concluded during 2000, in order to validate the plants survival.

The GOM has continued its forestry development program, "The Forestry Plantations Support Program" (PRODEPLAN). Thus far, SEMARNAP has allocated 572 million pesos (US\$60.2 million) for the program in the last three years. The main objective of this program is to stimulate private sector investment in forestry plantations by developing joint ventures with land owners, instead of just establishing harvest contracts on *ejido* lands. Under this

program, the maximum subsidy may not exceed 65 percent the first seven years' investment costs. Several private sources, however, have criticized this program because they consider it insufficient and they charge that SEMARNAP's criteria for assigning subsidies were considered as totally inappropriate for private sources.

Based on the Chamber of the Forestry Industry's information, there are 30,000 ha of planted area in Mexico, mainly from companies that produce pulpwood for the paper and cellulose industries such as "International Paper"; "Copamex"; "Grupo Pulsar" and "Smurfit Carton y Papel." They are located in Puebla, Veracruz, Oaxaca, Tabasco, Campeche and Nayarit. The Chamber indicated that the first harvest of these areas is expected in 2003 and will produce approximately 30 percent of Mexico's current forest production (9.8 million m³).

According to SEMARNAP officials, in addition to PRODEPLAN, other federal programs promoted by the Bank of Mexico's Agriculture Trust Institute (FIRA), The National Fund of Social Companies (FONAES) and the National Bank of Rural Credit (BANRURAL), have financed the establishment of 9,000 ha of plantations in 25 states over the past few years.

Private sources from Durango indicated that the Grupo Pulsar's planting project (see MX9139) is still up in the air as the authorities have not provided enough supports. In spite of this, Grupo Pulsar gradually has started up plantations on varying scales, planting primarily tropical Eucalyptus. This project is directed mainly for the production of cellulose material.

The Forest Development Program, PRODEFOR (see MX9139), which has operated since 1997, is oriented toward common lands and their communities (ejidatarios). In order to improve management and conservation practices of the forestall resources, PRODEFOR contributes capital to invest in and support the following activities: 1) cover the payment of technical services and the furnishing of programs for forest management; 2) promotion of handling practices to increase productivity (such as pre-clearing and pruning); 3) development of infrastructure for roads in forested areas; 4) fighting forest fires and controlling insects; and 5) reforestation projects. In 2000 the GOM will assign approximately 240 million pesos (roughly US\$25.2) for this program, assuming the state governments contribute their approximate 30 percent of the total allocation. Reportedly, 131 million pesos were assigned by the federal government in 1999, although it was not applied due to the lack of projects technically based and no participation of some states. SEMARNAP, however, estimates 1.8 million ha. were incorporated on the sustainable forest production during 1997-2000 as a result of this program, which means an increase in production of 2.2 million m³.

Industry Structure and Constraints

The structure of Mexico's forestry continues to be characterized by small-scale production units which focus on extracting and planting. In general the industry is not very efficient. According to SEMARNAP information, the Mexican industry consists of a total of 3,378 forest-related enterprises which include the following: 1) 3,067 saw mills (including furniture and box manufacturers); 2) 70 plywood mills; 3) 17 particle board manufacturers; 4) seven cellulose plants; 5) eleven resin-processing plants and 6) 206 small enterprises consider by SEMARNAP as other. The Mexican forest industry has a total production capacity of 20.8 million m³/per year, whereas the capacity used is no more than 50 percent. Mexican mills are the property of the private sector, of which only a few are operated by *ejidos*. The level of technology is, in general, outdated. Most of the industry is located in the northern states of Durango and Chihuahua as well as Michoacan.

Transportation from the forest to the saw mill and from these to local or regional markets, continues to be a bottleneck

limiting the profitability and competitiveness of the forest industry. Road infrastructure is generally poor and inadequately maintained which makes most of the timber inaccessible. Only approximately 30 percent of forested areas in the six main producing states are accessible for harvesting. The lack of government support on road infrastructure has forced many forest landowners to invest in these activities at the expense of increased production costs for wood products. Transportation costs continued to average 40 - 45 percent of the total raw material cost faced by sawmills. Other factors that explain the high transportation cost are: 1) the seasonality of supply; 2) poor transportation equipment; and, 3) the lack of competition in the transportation industry.

Solid Wood Products Overview

Softwoods continues to dominate the Mexican forest products industry. Domestic softwoods currently claim an estimated 80-85 percent of the markets for furniture, flooring, and paneling in Mexico. Key factors in the success of these softwoods include availability and familiarization with their use. Mexican softwoods continue to be usually sold in rough-sawn, whereas U.S. softwoods are normally sold planed. Therefore, several Mexican consumers mistakenly perceive Mexican softwood as a better buy since the Mexican product is sized larger.

Price distortions in round wood play a fundamental role in determining wood use in Mexico. Prices for standing stump wood and delivered prices generally conform to market demands, particularly in the higher grades and species. It should be noted, however, that it is very difficult to find reliable information on Mexican costs of production and producer prices. Some prices are:

AVERAGE SOFTWOOD PRICES USD			
Sizes	Veneer (M2)	Plywood (M2)	Beams
3.5 X 3.5 X 8.2"			
3.5 X 2 X 10"			6.73
	2.63	2.63	

Source: Consejo de la Madera en la Construcción (COMACO)

Rate of Exchange: 9.50 Pesos to 1.00 USD.

AVERAGE HARDWOOD LUMBER PRICES USD/BOARD FEET		
Size	Oak	Ash
1"	3.68	3.68
1.5"	4.74	4.74
2"	5.79	5.79

Source: Consejo de la Madera en la Construcción (COMACO)

Rate of Exchange: 9.50 Pesos to 1.00 USD.

AVERAGE TROPICAL HARDWOOD LUMBER PRICES USD/BOARD FEET		
Size	White Cedar	Mahogany
1"	1.89	4.74
1.5"	1.89	4.74
2"	1.89	4.74

Source: Consejo de la Madera en la Construcción (COMACO)

Rate of Exchange: 9.50 Pesos to 1.00 USD.

Due to cultural factors forest products are not generally used in the construction of homes, except in forming for concrete, and finish work, such as molding and parquet flooring. The furniture industry in Mexico continues to be one of the main consumer of forest products. U.S. lumber exporters still face the bias against wood-frame construction because, apart from the consumer esthetic preferences, many Mexicans perceive wood as not as long-lasting, more vulnerable to destruction by fire and damage by earthquakes and termites, more susceptible to theft during construction, and more expensive to build than the preferred masonry. There is, however, significant growth potential if the cultural resistance to wood as a structural building material can be overcome. Therefore, the Mexican forest products industry still needs sustained market research, education and promotion in the use of solid wood products for structural construction purposes.

According to SEMARNAP, roundwood production continues its slight increase over the past four years, with 2000 production estimated at 9.8 million meters³. SEMARNAP attributes the higher harvest to the economic growth along with the Forest Law (1997) and its companion Regulation, which gives certainty to the producers encouraging investments. Moreover, laws governing forest production establish new criteria to combat the illegal cutting and trade of protected forest species.

FOREST PRODUCTION	1998	1999 p/	2000 f/
Round wood (1000 meters³)	8,331	8,859	9,800
Sawn wood & Peeler logs	6,200	6,532	7,703
Cellulose	1,210	1,182	1,166
Posts, Piles, round wood	202	243	186
Firewood	399	455	451
Sleepers	17	24	29
Plywood & Veneer	303	423	265
Other Products (Ton)	95,962	119,079	127,414
Resins	24,469	30,070	36,865
Gums	76	0	2
Oils Waxes	1,134	309	84
Essential Oils	0	0	0
Fibers	3,618	1,356	792
Other, including mulch	66,665	87,344	89,671
Species (meters³)	8,330,982	8,859,000	9,800,000
Pine	6,970,689	7,316,216	8,093,342
White Fir	271,297	342,009	378,337
Other Conifers	22,418	16,387	18,128
Oak	692,915	688,682	761,834
Other Temperate Hardwoods	125,645	132,704	146,799
Mahogany & Cedar	36,483	113,676	125,751
Common Tropical	211,535	249,326	275,809

p/ Preliminary

f/ Forecast

Source: SEMARNAP.

Softwood Logs PS&D Table.

PSD Table						
Country	Mexico					
Commodity	Softwood Logs				1000 CUBIC METERS	
	Revised1999		Preliminary2000		Forecast2001	
	Old	New	Old	New	Old	New
Market Year Begin	01/1999		01/2000		01/2001	
Production	7620	7675	8140	8490	0	9200
Imports	13	20	15	9	0	10
TOTAL SUPPLY	7633	7695	8155	8499	0	9210
Exports	1	1	1	1	0	1
Domestic Consumption	7632	7694	8154	8498	0	9209
TOTAL DISTRIBUTION	7633	7695	8155	8499	0	9210

Production

Total 2001 softwood production is forecast to increase approximately 9.2 million m³, or 8 percent higher than in 2000. Production also grew in 1999 and 2000 because the Mexican economy continues to be strong. As the economic panorama continues to improve along with the construction and furniture industries, forest product consumption will dramatically increase in 2001. Traditionally these sectors consume the largest percentage of the forest products production. The quality of available timber has declined in recent years.

Private sector sources indicated overcutting continues to be very common due to poor infrastructure and little money to manage and protect forests. Moreover, individual use of roundwood as firewood, most of which is not recorded by official statistics, has continued at significant levels in the countryside. Sources also complain about the lack of a long term forestry policy. At the same time, the legislative framework has become more complex. They also stated that the key challenge for the sector in the next few years will be to find new ways to produce value-added products. Selling raw wood will no longer be sustainable. As a result, private sector forestry groups have proposed to the recently elected president, Vicente Fox, to create a decentralized body with independent resources for management of the forest sector.

Consumption

Based on new industry information, consumption increased appreciably in 2000 from 1999, and it is expected to increase by approximately 8 percent in 2001. This increase in consumption is attributable to increases of exports of molding as well as the comeback of the construction industry. The consumption estimate for 1999 has been revised upward to reflect more recent industry information.

The demand for softwood logs continues to come from the sawmill industry (78.6 percent), the paper industry (11.9 percent), firewood (4.6 percent) and the rest encompass demand from railroad, telephone and electricity industries.

These figures represent SEMARNAP data.

Trade

Imports are forecast to increase slightly because the Mexican economy is expected to continue growing in 2001. Conversely, softwood log exports to the United States are forecast to remain flat due to the stronger exchange rate of the Mexican peso which will likely continue throughout next year. Moreover, the strategy of Mexico's largest wood and wood product exporters continues to be emphasis on value added products, such as moldings, rather than softwood logs. Import and export estimates for MY 1999 and 2000 (preliminary data for this year) have been revised based mostly on U.S. Census data. There is a big difference from official Mexican data and U.S. Census data.

SOFTWOOD LOGS		H.S. 4403.20	UNITS: CUBIC METERS	
EXPORTS FOR 1998 TO:			IMPORTS FOR 1998 FROM:	
U.S.		784	U.S.	16,450
OTHER			OTHER	
JAPAN		46		0
TOTAL OF OTHER		46	TOTAL OF OTHER	0
OTHERS NOT LISTED		0	OTHERS NOT LISTED	0
GRAND TOTAL		830	GRAND TOTAL	16,450

SOFTWOOD LOGS		H.S. 4403.20	UNITS: CUBIC METERS	
EXPORTS FOR 1999 TO:			IMPORTS FOR 1999 FROM:	
U.S.		107	U.S.	3,469
OTHER			OTHER	
JAPAN		73		0
TOTAL OF OTHER		73	TOTAL OF OTHER	0
OTHERS NOT LISTED		0	OTHERS NOT LISTED	0
GRAND TOTAL		180	GRAND TOTAL	3,469

SOURCE: World Trade Atlas. Mexico Edition. June 2000.

Temperate Hardwood Logs PS&D Table.

PSD Table						
Country	Mexico					
Commodity	Temperate Hardwood Logs				1000 CUBIC METERS	
	Revised1999		Preliminary2000		Forecast2001	
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Production	862	821	920	909	0	1000
Imports	30	29	35	12	0	11
TOTAL SUPPLY	892	850	955	921	0	1011
Exports	2	4	2	5	0	6
Domestic Consumption	890	846	953	916	0	1005
TOTAL DISTRIBUTION	892	850	955	921	0	1011

Production

Lack of specialized harvesting equipment and lack of knowledge about the additional uses of the wide variety of species available for harvest continues to hinder utilization of several temperate tree varieties. Consequently, production of temperate hardwood logs will increase marginally to approximately 91,000 m³ in 2001. This increase also reflects the growth in the economy and the furniture industry. As in 1999, temperate hardwood again represented 10 percent of total Mexican round wood production in 2000. The main hardwood log producing states were Chihuahua (21%), Michoacan (19%), Durango(14%), Sonora (10%), Guanajuato (5%) and Puebla (3%). The production estimates for 1999 and 2000 have been revised downward based on most recent SEMARNAP data.

Consumption

FAS/Mexico expects that hardwood consumption will increase to more than 1.0 million m³ due to the furniture manufacturers' increased demand for temperate hardwood. Mexican importers that sell to furniture manufacturers continue to increase their acceptance of U.S. hardwood species. The consumption estimates for 1999 and 2000 have been revised downward based on new industry information.

Trade

Import estimates for MY 1999 and MY 2000 (preliminary data for this year) have been revised downward based mostly on U.S. Census data. It should be noted these data differ substantially from official Mexican data (see MX 7103). This import trend is expected to continue in 2001, as furniture plants have opted for lower priced tropical hardwood species. Although most of Mexico's lumber industry reportedly is increasingly aware of the potential uses and resistant features of most of the temperate hardwood species, the Mexican markets continue to be a price-driven market.

<i>TEMPERATE HARDWOOD LOGS</i>		<i>H.S.</i>	<i>UNITS: CUBIC METERS</i>	
4403.9 ^a				
EXPORTS FOR 1998 TO:		IMPORTS FOR 1998 FROM:		
U.S.	272	U.S.	2,056	
OTHER		OTHER		
JAPAN	893	GABON	111	
TAIWAN	586			
TOTAL OF OTHER	1,479	TOTAL OF OTHER	111	
OTHERS NOT LISTED	326	OTHERS NOT LISTED	0	
GRAND TOTAL	2,077	GRAND TOTAL	2,167	

<i>TEMPERATE HARDWOOD LOGS</i>		<i>H.S.</i>	<i>UNITS: CUBIC METERS</i>	
4403.9 ^a				
EXPORTS FOR 1999 TO:		IMPORTS FOR 1999 FROM:		
U.S.	228	U.S.	1,550	
OTHER		OTHER		
JAPAN	2,318	GABON	28	
HONG KONG	722			
TOTAL OF OTHER	3,040	TOTAL OF OTHER	28	
OTHERS NOT LISTED	584	OTHERS NOT LISTED	0	
GRAND TOTAL	3,852	GRAND TOTAL	1,578	

^a Expressed values for HS 4403.9 consolidates the following subheadings: 4403.91, 4403.92 & 4403.99

SOURCE: World Trade Atlas. Mexico Edition. June 2000.

Softwood Lumber PS&D Table.

PSD Table						
Country	Mexico					
Commodity	Softwood Lumber				1000 CUBIC METERS	
	Revised1999		Preliminary2000		Forecast2001	
	Old	New	Old	New	Old	New
Market Year Begin	01/1999		01/2000		01/2001	
Production	2690	2709	2870	2995	0	3240
Imports	600	1163	630	1350	0	1450
TOTAL SUPPLY	3290	3872	3500	4345	0	4690
Exports	170	157	160	160	0	165
Domestic Consumption	3120	3715	3340	4185	0	4525
TOTAL DISTRIBUTION	3290	3872	3500	4345	0	4690

Production

A brisk economy has contributed to increased construction activity and sales of building materials, both of which have positively contributed to increases in softwood lumber production in the last two years. Assuming construction sector continues moving ahead, softwood production for 2001 is forecast at 3.240 M m³. The 1999 and 2000 production estimates have been revised upward slightly according to most recent industry information which takes in account those years' favorable economic conditions. Mexico's lumber market continues to differ from the U.S. wood-framing market. In Mexico, most lumber is ungraded, full size, rough and green or air-dried.

Consumption

Private industry sources indicated that due to the construction and furniture sector's demand for softwood lumber outpaced domestic supplies, domestic prices have increased substantially in the last two years. As this trend continues, 2001 imports are forecast to increase to nearly 1.450 M m³ from the revised estimate of 1.163 M m³. Similarly, consumption is expected to increase in 2001 to 4.525 M m³. Consumption estimates for 1998 and 1999 have been revised upward because of a stronger than expected economy. Approximately 79 percent of production goes to the construction sector, for uprights and cross beams. Moreover, in Mexico, lumber is primarily used for packing purposes, furniture and for concrete forming.

Trade

The import estimates for 1999 and 2000 (preliminary data) have been revised sharply upward, based on official SECOFI data and reflect the unexpected increase of Chilean lumber exports. Chile has continued its aggressive incursion into the Mexican softwood lumber and plywood market by offering good quality, low-priced products. During 1999, for example, softwood lumber imports increased sharply — from practically nothing in to nearly 667,000 m³. Chilean wood products imported by the Mexican industry, have benefitted from the Mexico-Chile Free Trade Agreement. According to industry sources, the increase in Chilean imports has come at the expense basically of

Indonesian tropical plywood, and, to a lesser extent, of U.S. softwood lumber imports, because the U.S. product is cheaper than the Chilean product. Furthermore, the U.S. softwood plywood is used mainly for form work whereas the plywood from Chile is used mostly by the Mexican furniture industry. For 2001, demand for imported sawn wood for the construction sector and flooring is expected to increase approximately 8 percent assuming the Mexican economy continues to grow.

Mexican imports of pine lumber and related products from the United States increased approximately 15 percent during the first five months of 2000 compared to the same period a year earlier. Reportedly, the Mexican construction sector's strength contributed to increased imports of U.S. softwood lumber during the first five months of 2000. For 2001, this trend is expected to continue provided the peso remains stable. Many domestic users, however, continue to be unaware of U.S. lumber quality standards or treatments, particularly when it is suitable for timber frames.

Mexican exports of high quality softwood in 2001 are expected to increase slightly to 165,000 m³. Mexican laws mandate sustainable yield practices, but budget constraints continue to preclude proper marketing and full enforcement. FAS/Mexico has revised downward import estimate for 1999, based on final official SECOFI data.

SOFTWOOD LUMBER		H.S. 4407 ^c	UNITS: CUBIC METERS	
EXPORTS FOR 1998 TO:			IMPORTS FOR 1998 FROM:	
U.S.		164,280	U.S.	252,503
OTHER			OTHER	
CUBA		16,728	BRAZIL	248,833
			BELGIUM	13,826
TOTAL OF OTHER		16,728	TOTAL OF OTHER	262,659
OTHERS NOT LISTED		3,434	OTHERS NOT LISTED	4,019
GRAND TOTAL		184,442	GRAND TOTAL	519,181

SOFTWOOD LUMBER		H.S. 4407 ^c	UNITS: CUBIC METERS	
EXPORTS FOR 1999 TO:			IMPORTS FOR 1999 FROM:	
U.S.	146,938		U.S.	270,247
OTHER			OTHER	
CUBA	9,343		CHILE	666,682
			BRAZIL	193,947
TOTAL OF OTHER	9,343		TOTAL OF OTHER	860,629
OTHERS NOT LISTED	1,164		OTHERS NOT LISTED	32,210
GRAND TOTAL	157,445		GRAND TOTAL	1,163,086

^c Expressed values for HS 4407.1 consolidates the following subheadings: 4407.10.01, 4407.10.02, 4407.10.03 & 4407.10.99

SOURCE: World Trade Atlas. Mexico Edition. June 2000.

Temperate Hardwood Lumber PS&D Table.

PSD Table						
Country	Mexico					
Commodity	Temperate Hardwood Lumber				1000 CUBIC METERS	
	Revised1999		Preliminary2000		Forecast2001	
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Production	407	388	434	429	0	450
Imports	258	267	270	270	0	300
TOTAL SUPPLY	665	655	704	699	0	750
Exports	8	6	7	2	0	5
Domestic Consumption	657	649	697	697	0	745
TOTAL DISTRIBUTION	665	655	704	699	0	750

Production

The production of temperate hardwood lumber is expected to grow to approximately 450,000 m³ or 5 percent above 2000, which is attributed to strong domestic demand. In order to reflect official data from SEMARNAP, production in 1999 and 2000 have been revised downward. Lack of kilns in Mexico continues to hamper production.

Consumption

As a result of the increased awareness of the hardwood species' potential uses and durable features for the furniture industry, consumption is forecast to increase to 745,000 m³ in 2001. This forecast assumes Mexico's current economic strength will continue and that imports will be affordable because of the stronger peso. The primary market for hardwood will continue to be the furniture industry, with secondary markets in the flooring, architectural millwork, and shipping industry (primarily pallets). The 1999 consumption estimate has been revised downward because of the furniture industry's weaker than expected demand. The larger producers continue to buy U.S. hardwoods, especially those producers that are exporting finished products to the United States and elsewhere.

Trade

Mexican imports of temperate hardwood lumber in 2001 are expected to increase to 300,000 m³. Aside from the measuring and grading differences, the final buyers continue to be unfamiliar with U.S. home design concepts. Consequently, additional investment in customer servicing could increase sales for U.S. exporters. Intensive promotional campaigns, and educational seminars by the U.S. industry aimed at furniture and molding companies could be also beneficial in the long term. FAS/Mexico has revised upward the import estimates for 1999, mostly based on official SECOFI data. Also, the 1999 and 2000 export estimates have been revised downward based on SECOFI data. Mexican hardwood lumber exports are diversified among several countries. The primary species imported are Red and White Oak, the Poplars, Walnut, Maple, Cherry, and Alder.

TEMPERATE HARWOOD LUMBER H.S. 4407.9 ^d		UNITS: CUBIC METERS	
EXPORTS FOR 1998 TO:		IMPORTS FOR 1998 FROM:	
U.S.	9,281	U.S.	72,553
OTHER		OTHER	
CUBA	1,807	BRAZIL	151,526
		BOLIVIA	5,549
TOTAL OF OTHER	1,807	TOTAL OF OTHER	157,075
OTHERS NOT LISTED	721	OTHERS NOT LISTED	1,372
GRAND TOTAL	11,809	GRAND TOTAL	231,000

TEMPERATE HARWOOD LUMBER H.S. 4407.9 ^d		UNITS: CUBIC METERS	
EXPORTS FOR 1999 TO:		IMPORTS FOR 1999 FROM:	
U.S.	5,416	U.S.	258,860
OTHER		OTHER	
CUBA	304	PERU	4,145
		BOLIVIA	1,968
TOTAL OF OTHER	304	TOTAL OF OTHER	6,113
OTHERS NOT LISTED	345	OTHERS NOT LISTED	1,811
GRAND TOTAL	6,065	GRAND TOTAL	266,784

^d Expressed values for HS 4407.9 consolidates the following subheadings: 4407.91.01, 4407.92.99, 4407.99.01, 4407.99.02, 4407.99.03, 4407.99.04, 4407.99.05 & 4407.99.99.

SOURCE: World Trade Atlas. Mexico Edition. June 2000.

Tropical Hardwood Lumber PS&D Table.

PSD Table						
Country	Mexico					
Commodity	Tropical Hardwood Lumber				1000 CUBIC METERS	
	Revised1999		Preliminary2000		Forecast2001	
	Old	New	Old	New	Old	New
Market Year Begin	01/1999		01/2000		01/2001	
Production	130	182	135	201	0	220
Imports	30	27	35	30	0	33
TOTAL SUPPLY	160	209	170	231	0	253
Exports	3	2	3	2	0	3
Domestic Consumption	157	207	167	229	0	250
TOTAL DISTRIBUTION	160	209	170	231	0	253

Production

Production figures for 1999 and 2000 have been revised upward, according to official final data (preliminary for 2000). For 2001, Mexican tropical hardwood lumber production is forecast at 220,000 m³. Tropical hardwood log production has remained at low levels due to poor technology, depletion of jungle areas, and the inaccessibility of some species located in remote areas. Mahogany is the most popular wood due to the status and tradition associated with it. These woods are used in expensive furnishings.

Consumption

Domestic consumption of tropical hardwood lumber is forecast to increase to 250,000 m³ in 2001 from the revised estimate of 229,000 meters³ in 2000. Tropical hardwood continues to be used in concrete forming in the some states of southern Mexico. The construction is one of the most favored by the current economic recovery. The domestic construction sector continues to purchase only limited quantities of hardwood lumber for use as decorative wood.

Trade

As with the other products, strong demand by furniture factories and molding companies is expected to boost imports of tropical lumber in 2001. FAS/Mexico has revised downward both import and export estimates for 1999 and 2000, mostly based on official SECOFI data.

TROPICAL HARDWOOD LUMBER		UNITS: CUBIC METERS	
H.S. 4407.2 ^e			
EXPORTS FOR 1998 TO:		IMPORTS FOR 1998 FROM:	
U.S.	604	U.S.	417
OTHER		OTHER	
CUBA	654	BRAZIL	475,044
		BOLIVIA	62,226
TOTAL OF OTHER	654	TOTAL OF OTHER	537,270
OTHERS NOT LISTED	260	OTHERS NOT LISTED	9,660
GRAND TOTAL	1,518	GRAND TOTAL	547,347

TROPICAL HARDWOOD LUMBER		UNITS: CUBIC METERS	
H.S. 4407.2 ^e			
EXPORTS FOR 1999 TO:		IMPORTS FOR 1999 FROM:	
U.S.	131	U.S.	3,538
OTHER		OTHER	
CUBA	1,307	PERU	11,213
		CANADA	7,565
TOTAL OF OTHER	1,307	TOTAL OF OTHER	18,778
OTHERS NOT LISTED	220	OTHERS NOT LISTED	4,719
GRAND TOTAL	1,658	GRAND TOTAL	27,035

^e Expressed values for HS 4407.2 consolidates the following subheadings: 4407.24.01, 4407.24.99, 4407.25.01, 4407.26.01, 4407.29.01 & 4407.29.99

SOURCE: World Trade Atlas. Mexico Edition. June 2000.

Softwood Plywood PS&D Table.

PSD Table						
Country	Mexico					
Commodity	Softwood Plywood				1000 CUBIC METERS	
	Revised1999		Preliminary2000		Forecast2001	
	Old	New	Old	New	Old	New
Market Year Begin	01/1999		01/2000		01/2001	
Production	292	252	320	164	0	140
Imports	128	109	140	220	0	275
TOTAL SUPPLY	420	361	460	384	0	415
Exports	2	7	3	4	0	5
Domestic Consumption	418	354	457	380	0	410
TOTAL DISTRIBUTION	420	361	460	384	0	415

Production

Mexican softwood plywood production is expected to drop nearly 35 percent in 2000 while consumption will increase more than 7 percent. This shows that Mexico is becoming increasingly dependent upon foreign sources of plywood. Production estimates for 1999 and 2000 have been revised downward based on most recent updated industry information. According to private sector sources, this industry has been hurt in the last coupled of years by plywood imports from Indonesia, Chile (see MX 8124 & MX 9139) and the United States. Moreover, strong demand of domestic plywood manufacturers has placed upward pressure on input prices, which has resulted in domestic roundwood being priced higher than its quality warrants, making imported products more competitive and reducing domestic production. In 2001, production is forecast to continue decreasing to 140,000 m³.

According to private sources, and as a result of the negative trend in production, the industry here is expected to consolidate in a few companies. It is expected that these softwood plywood companies will specialize in domestic market segments based along quality lines as well as export market for high quality plywood for furniture and cabinets. Industry contacts indicated that the vast majority of the softwood plywood plants have been operating below 70 percent capacity during 2000.

Consumption

Domestic consumption for softwood plywood rose approximately 7 percent in 2000 over the previous year to 354,000 m³, due to increased activity in the Mexican construction industry. Consumption is forecast to remain very strong for the foreseeable future to reach 410,000 m³ in 2001. The primary use of softwood plywood is in the construction industry. The demand for furniture and cabinets for export, however, also is expected to drive consumption in 2001. The consumption estimates for 1998 and 1999 have been revised downward based on the most recent industry information.

Average Pine Plywood Prices, 2000 Mexican Pesos per Sheet		
Thickness Millimeters)	Size (Meters)	Price
3	1.22 x 2.44	114
3	91 x 2.44	98
3	91 x 2.14	86
6	1.22 x 2.44	154
6	91 x 2.44	136
6	91 x 2.14	117
9	1.22 x 2.44	203
12	1.22 x 2.44	258
16	1.22 x 2.44	311
19	1.22 x 2.44	362

Source: Consejo de la Madera en la Construcción (COMACO)

Rate of Exchange: 9.50 Pesos to 1.00 USD

Trade

Imports of softwood plywood are expected to increase from 220,000 m³ in 2000 to 275,000 m³ in 2001. This increase is attributed to the dynamic performance in the construction sector. It is expected Mexico will continue to be a growth market for U.S. producers in the long term, although imports from third countries such as Chile have aggressively penetrated the Mexican softwood plywood market (see Third-Party Competition section). Exports are expected to remain practically unchanged, as the peso continues to be relatively strong. Import estimates for 1999 and 2000 have been revised downward and upward respectively, based on SECOFI's final data.

<i>SOFTWOOD PLYWOOD</i>		H.S. 4412.1^f	UNITS: CUBIC METERS
EXPORTS FOR 1998 TO:		IMPORTS FOR 1998 FROM:	
U.S.	1,129	U.S.	106,587
OTHER		OTHER	
	0	INDONESIA	2,087
TOTAL OF OTHER	0	TOTAL OF OTHER	2,087
OTHERS NOT LISTED	51	OTHERS NOT LISTED	4,524
GRAND TOTAL	1,180	GRAND TOTAL	113,198

<i>SOFTWOOD PLYWOOD</i>		H.S. 4412.1^f	UNITS: CUBIC METERS
EXPORTS FOR 1999 TO:		IMPORTS FOR 1999 FROM:	
U.S.	6,972	U.S.	81,380
OTHER		OTHER	
CUBA	18	CHILE	13,220
TOTAL OF OTHER	18	TOTAL OF OTHER	13,220
OTHERS NOT LISTED	13	OTHERS NOT LISTED	14,448
GRAND TOTAL	7,003	GRAND TOTAL	109,048

^f Expressed values for HS 4412.19 consolidates the following subheadings: 4412.19.01, 4412.19.02 & 4412.19.99

SOURCE:World Trade Atlas. Mexico Edition. June 2000.

Temperate Hardwood Plywood PS&D Table.

PSD Table						
Country	Mexico					
Commodity	Hardwood Plywood				1000 CUBIC METERS	
	Revised1999		Preliminary2000		Forecast2001	
	Old	New	Old	New	Old	New
Market Year Begin	01/1999		01/2000		01/2001	
Production	19	17	21	11	0	9
Imports	12	13	15	25	0	30
TOTAL SUPPLY	31	30	36	36	0	39
Exports	0	0	0	0	0	0
Domestic Consumption	31	30	36	36	0	39
TOTAL DISTRIBUTION	31	30	36	36	0	39

Production

According to reliable industry sources, total hardwood plywood production between 1999 and 2000 decreased from 17,000 to 11,000 m³. FAS/Mexico forecasts this declining trend will continue in 2001 to reach only 9,000 m³ due primarily to lower-priced imports. The decline in production, combined with increased consumption, reflects Mexico's increasing dependence on foreign hardwoods.

Consumption

The market should continue to pick up from 2000 levels when traditional consumers – mainly the furniture industry -- see their inputs requirements increase with increased demand for their products. Increased consumption, however, is expected to exceed the stated production for 2001. Consumption estimates for 1999 were obtained from industry sources.

Trade

Import estimates for 1999 and 2000 have been revised upward in accordance with SECOFI's final official data. Reportly, imports have increased sharply due to the strong demand from furniture manufacturers. Again, it should be pointed out that there are wide discrepancies between the official SECOFI and U.S. Census data (especially the data of Mexican imports from U.S.). FAS/Mexico forecasts increased imports because they will continue to be relatively affordable assuming the peso remains stable throughout 2000.

TEMPERATE HARDWOOD PLYWOOD		UNITS: CUBIC METERS	
H.S. 4412.14 [§]			
EXPORTS FOR 1998 TO:		IMPORTS FOR 1998 FROM:	
U.S.	0	U.S.	1,084
OTHER		OTHER	
	0	INDONESIA	1,815
TOTAL OF OTHER	0	TOTAL OF OTHER	1,815
OTHERS NOT LISTED	0	OTHERS NOT LISTED	1,535
GRAND TOTAL	0	GRAND TOTAL	4,434

TEMPERATE HARDWOOD PLYWOOD		UNITS: CUBIC METERS	
H.S. 4412.14 [§]			
EXPORTS FOR 1999 TO:		IMPORTS FOR 1999 FROM:	
U.S.	66	U.S.	1,329
OTHER		OTHER	
	0	BRAZIL	4,304
	0	INDONESIA	3,861
TOTAL OF OTHER	0	TOTAL OF OTHER	8,165
OTHERS NOT LISTED	0	OTHERS NOT LISTED	3,444
GRAND TOTAL	66	GRAND TOTAL	12,938

[§] Expressed values for HS 4412.14 consolidates the following subheadings: 4412.14.00 & 4412.14.99 SOURCE: World Trade Atlas. Mexico Edition. June 2000.

STRATEGIC INDICATOR TABLE: FOREST PRODUCT TARIFFS AND TAXES

Country :Mexico Report Year:2000	Product Description	Tariff Current Year	Tariff Following Year	Other Import Taxes/Fees	Total Cost of Import	Export Tax
4401	Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms.					
4401.10.01	Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms.	EX	N/A	VAT 1/	N/A	EX
4401.21.01	Coniferous. 2/	3.00	N/A	VAT 1/	N/A	EX
4401.22.01	Non-coniferous.	EX	N/A	VAT 1/	N/A	EX
4401.30.01	Sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms.	3.00	N/A	VAT 1/	N/A	EX
4403	Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared.					
4403.10.01	Treated with paint, stain, creosote or other preservatives. 2/	3.00	N/A	VAT 1/	N/A	EX
4403.20.99	Other, coniferous.	3.00	N/A	VAT 1/	N/A	EX
4403.41.01	Dark Red Meranti, Light Red Meranti and Meranti Bakau.	EX	N/A		N/A	EX
4403.49.01	Other.	EX	N/A		N/A	EX
4403.49.99	Other.	3.00	N/A	VAT 1/	N/A	N/A
4403.91.01	Of oak (Quercus spp.).	EX	N/A		N/A	EX

4403.92.01	Of beech (Fagus spp.).	EX	N/A		N/A	EX
4403.99.99	Other.	3.00	N/A	VAT 1/	N/A	EX
4404	Hoopwood; split poles; piles, pickets and stakes of wood, pointed but not sawn lengthwise; wooden sticks, roughly trimmed but not turned, bent or otherwise worked, suitable for the manufacture of walking-sticks, umbrellas, tool handlers or the like; chipwood and the like					
4404.10.01	Coniferous.	EX	N/A		N/A	EX
4404.10.99	Coniferous.	6.00	N/A	VAT 1/	N/A	N/A
4404.20.01	Nonconiferous.	EX	N/A		N/A	EX
4404.20.02	Nonconiferous.	EX	N/A		N/A	N/A
4404.20.03	Nonconiferous.	EX	N/A		N/A	N/A
4404.20.04	Nonconiferous.	EX	N/A		N/A	N/A
4404.20.99	Nonconiferous.	EX	N/A		N/A	N/A
4405	Wood wool (excelsior); wood flour.					
4405.00.01	Wood wool (excelsior); wood flour.	4.50	N/A	VAT 1/	N/A	EX
4405.00.02	Wood wool (excelsior); wood flour.	4.50	N/A	VAT 1/	N/A	N/A
4406	Railway or tramway sleepers (cross-ties) of wood.					
4406.10.01	Not impregnated.	4.50	N/A	VAT 1/	N/A	EX
4406.90.99	Other.	EX	N/A		N/A	EX
4407	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness exceeding					
4407.10.01	Coniferous. 2/ 3/	3.00	N/A	VAT 1/	N/A	EX

4407.10.02	Coniferous. 2/ 3/	3.00	N/A	VAT 1/	N/A	N/A
4407.10.03	Coniferous. 2/	3.00	N/A	VAT 1/	N/A	N/A
4407.10.99	Coniferous. 3/	4.50	N/A	VAT 1/	N/A	N/A
4407.24.01	Virola, Mahogany (Swietenia spp.), Imbuia and Balsa.	4.50	N/A	VAT 1/	N/A	EX
4407.24.99	Virola, Mahogany (Swietenia spp.), Imbuia and Balsa.	EX	N/A		N/A	N/A
4407.25.01	Dark Red Meranti, Light Red Meranti and Meranti Bakau.	EX	N/A		N/A	EX
4407.26.01	White Lauan, White Meranti, White Seraya, Yellow Meranti and Alan.	EX	N/A		N/A	EX
4407.29.01	Other	EX	N/A		N/A	EX
4407.29.99	Other	EX	N/A		N/A	N/A
4407.91.01	Of oak (Quercus spp.). 2/	4.50	N/A	VAT 1/	N/A	EX
4407.92.01	Of beech (Fagus spp.).	EX	N/A		N/A	EX
4407.92.99	Of beech (Fagus spp.).	EX	N/A		N/A	N/A
4407.99.01	Other.	4.50	N/A	VAT 1/	N/A	N/A
4407.99.02	Other.	3.00	N/A	VAT 1/	N/A	N/A
4407.99.03	Other.	EX	N/A		N/A	N/A
4407.99.04	Other.	EX	N/A		N/A	N/A
4407.99.05	Other.	EX	N/A		N/A	N/A
4407.99.99	Other. 2/	4.50	N/A	VAT 1/	N/A	EX
4408	Veneer sheets and sheets for plywood (whether or not spliced) and other wood sawn lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness not exceeding 6 mm.					
4408.10.01	Coniferous.	EX	N/A		N/A	EX
4408.31.01	Dark Red Meranti, Light Red Meranti and Meranti Bakau.	EX	N/A		N/A	EX
4408.39.99	Other.	EX	N/A		N/A	EX
4408.90.99	Other.	EX	N/A		N/A	EX

4409	Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, molded, rounded or the like) along any of its edges or faces, whether or not planed, sanded or finger-jointed.					
4409.10.01	Coniferous.	EX	N/A		N/A	N/A
4409.10.02	Coniferous	EX	N/A		N/A	N/A
4409.10.99	Coniferous.	EX	N/A		N/A	EX
4409.20.01	Nonconiferous.	EX	N/A		N/A	EX
4409.20.99	Nonconiferous.	EX	N/A		N/A	N/A
4410	Particle board and similar board of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding substances.					
4410.11.01	Waferboard, including oriented strand board.	6.00	N/A	VAT 1/	N/A	EX
4410.19.99	Other	6.00	N/A	VAT 1/	N/A	EX
4410.90.01	Of other ligneous materials.	4.50	N/A	VAT 1/	N/A	EX
4410.90.02	Of other ligneous materials.	6.00	N/A	VAT 1/	N/A	N/A
4410.90.99	Of other ligneous materials.	6.00	N/A	VAT 1/	N/A	N/A
4411	Fiberboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances.					
4411.11.01	Not mechanically worked or surface covered.	EX	N/A		N/A	EX
4411.19.99	Other.	EX	N/A		N/A	EX
4411.21.01	Not mechanically worked or surface covered.	EX	N/A		N/A	EX
4411.29.99	Other.	EX	N/A		N/A	EX

4411.31.01	Not mechanically worked or surface covered.	EX	N/A		N/A	EX
4411.39.99	Other.	EX	N/A		N/A	EX
4411.91.01	Not mechanically worked or surface covered.	EX	N/A		N/A	EX
4411.99.99	Other	EX	N/A		N/A	EX
4412	Plywood, veneered panels and similar laminated wood.					
4412.13.01	With at least one outer ply of tropical wood specified in subheading note 1 to this chapter.	6.00	N/A	VAT 1/	N/A	EX
4412.13.99	With at least one outer ply of tropical wood specified in subheading note 1 to this chapter.	4.50	N/A	VAT 1/	N/A	N/A
4412.14.99	Other, with at least one outer ply of nonconiferous wood.	4.50	N/A	VAT 1/	N/A	N/A
4412.19.01	Other, with both outer plies of coniferous wood.	4.50	N/A	VAT 1/	N/A	EX
4412.19.02	Other, with both outer plies of coniferous wood.	4.50	N/A	VAT 1/	N/A	N/A
4412.19.99	Other, with both outer plies of coniferous wood.	6.00	N/A	VAT 1/	N/A	N/A
4412.22.01	With at least one ply of tropical wood specified in subheading note 1 to this chapter.	6.00	N/A	VAT 1/	N/A	EX
4412.23.99	Other, containing at least one layer of particle board	4.50	N/A	VAT 1/	N/A	N/A
4412.29.99	Other.	6.00	N/A	VAT 1/	N/A	N/A
4412.92.01	With at least one ply of tropical wood specified in subheading note 1 to this chapter.	6.00	N/A	VAT 1/	N/A	EX
4412.93.99	Other, containing at least one layer of particle board.	4.50	N/A	VAT 1/	N/A	N/A
4412.99.99	Other.	6.00	N/A	VAT 1/	N/A	N/A
4413	Densified wood, in blocks, plates, strips or profile shapes.					

4413.00.01	Densified wood, in blocks, plates, strips or profile shapes.	EX	N/A		N/A	EX
4413.00.02	Densified wood, in blocks, plates, strips or profile shapes.	EX	N/A		N/A	N/A
4413.00.99	Densified wood, in blocks, plates, strips or profile shapes.	EX	N/A		N/A	N/A
4414	Wooden frames for paintings, photographs, mirrors or similar objects.					
4414.00.01	Wooden frames for paintings, photographs, mirrors or similar objects.	EX	N/A		N/A	EX
4415	Packing cases, boxes, crates, drums and similar packings, of wood; cable-drums, of wood; pallets, box-pallets and other load boards, of wood; pallet collars of wood.					
4415.10.01	Cases, boxes, crates, drums and similar packings; cable-drums.	EX	N/A		N/A	EX
4415.20.01	Pallets, box-pallets and other load boards; pallet collars	6.00	N/A	VAT 1/	N/A	EX
4415.20.99	Pallets, box-pallets and other load boards; pallet collars.	EX	N/A		N/A	N/A
4416	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves.					
4416.00.01	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves.	EX	N/A		N/A	EX
4416.00.02	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves	EX	N/A		N/A	N/A

4416.00.03	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves	EX	N/A		N/A	N/A
4416.00.04	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves	EX	N/A		N/A	N/A
4416.00.99	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves	EX	N/A		N/A	N/A
4417	Tools, tool bodies, tool handles, broom or brush bodies and handles, of wood; boot or shoe lasts and trees, of wood.					
4417.00.01	Tools, tool bodies, tool handles, broom or brush bodies and handles, of wood; boot or shoe lasts and trees, of wood.	EX	N/A		N/A	EX
4417.00.99	Tools, tool bodies, tool handles, broom or brush bodies and handles, of wood; boot or shoe lasts and trees, of wood.	EX	N/A		N/A	N/A
4418	Builders' joinery and carpentry of wood, including cellular wood panels and assembled parquet panels; shingles and shakes.					
4418.10.01	Windows, French-windows and their frames.	EX	N/A		N/A	EX
4418.20.01	Doors and their frames and thresholds.	EX	N/A		N/A	EX
4418.30.01	Parquet panels.	EX	N/A		N/A	EX
4418.40.01	Formwork (shuttering) for concrete constructional work.	EX	N/A		N/A	EX

4418.50.01	Shingles and shakes.	EX	N/A		N/A	EX
4418.90.01	Other	EX	N/A		N/A	EX
4418.90.99	Other.	6.00	N/A	VAT 1/	N/A	N/A
4419	Tableware and kitchenware, of wood.					
4419.00.01	Tableware and kitchenware, of wood.	EX	N/A		N/A	EX
4420	Wood marquetry and inlaid wood; caskets and cases for jewelry or cutlery and similar articles, of wood; statuettes and other ornaments, of wood; wooden articles of furniture not falling within chapter 94					
4420.10.01	Statuettes and other ornaments, of wood.	EX	N/A		N/A	EX
4420.90.99	Other.	EX	N/A		N/A	N/A
4421	Other articles of wood.					
4421.10.01	Clothes hangers.	6.00	N/A	VAT 1/	N/A	EX
4421.90.01	Other.	4.50	N/A	VAT 1/	N/A	EX
4421.90.02	Other.	4.50	N/A	VAT 1/	N/A	N/A
4421.90.03	Other.	6.00	N/A	VAT 1/	N/A	N/A
4421.90.04	Other.	4.50	N/A	VAT 1/	N/A	N/A
4421.90.99	Other. 4/	6.00	N/A	VAT 1/	N/A	N/A
4422		N/A	N/A	N/A	N/A	N/A
4423		N/A	N/A	N/A	N/A	N/A
4424		N/A	N/A	N/A	N/A	N/A
4425		N/A	N/A	N/A	N/A	N/A
Pre-fabricated Houses, a subsection under chapter 96		N/A	N/A	N/A	N/A	N/A

1/ VAT = Valued Added Tax; 15% Mexico and 10% Border Region.

2/ The import of merchandise from North America included in the indicated tariff fractions, will be exempt of taxes

if presents a TRQ certificate issued by the Secretariat of Commerce and Industrial Development (SECOFI).

- 3/ The import of merchandise from North America included in the tariff fractions 4407.10.01, 4407.10.02 and 4407.10.99 will be exempt of taxes, when imported by companies enrolled in the Registry of Construction Companies and Wood Frame Structures Trading Companies of the Secretariat of Commerce and Industrial Development (SECOFI), and certifying that merchandise will be used exclusively in the construction of wood frames for the Construction Industry and fulfill the established requirements for such fractions in the list of Mexico, contained in Annex 302.2 of the North America Free Trade Agreement.
- 4/ The import of merchandise from North America included in the indicated tariff fractions, will be exempt of taxes if imported only as wooden blinds.